

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1785 - SB 2111**

February 4, 2014

**SUMMARY OF BILL:** Reduces, from 48.500 percent to 48.495 percent, the apportionment of the Tennessee Valley Authority (TVA) payments in lieu of taxes received by counties and municipalities, and distributes the 0.005 percent difference to the development districts.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Revenue – \$13,600/Development Districts**

**Decrease Local Revenue – \$13,600/Counties and Municipalities**

**Assumptions:**

- Pursuant to Tenn. Code Ann. § 67-9-101(a)(1) and (2), 48.5 percent of payments received from TVA in lieu of taxes, above the payments received in FY77-78, is allocated to the state and 48.5 percent is distributed to counties and municipalities. The remaining three percent is allocated to local governing areas that are experiencing TVA construction activity on facilities to produce electric power, pursuant to Tenn. Code Ann. § 67-9-101(a)(3).
- This bill would reduce the amount that counties and municipalities receive, from 48.500 percent to 48.495 percent, and allocate the difference to the development districts.
- According to the County Technical Assistance Service, in FY13-14 counties are allocated \$92,291,005 and municipalities will receive \$39,553,288, for a total of \$131,844,293. This number is assumed to remain constant into perpetuity.
- The recurring decrease in revenue to counties and municipalities, and an equivalent increase in revenue to the development districts as a result of this bill is estimated to be \$13,592  $\{ \$131,844,293 - [(\$131,844,293 / 48.500\%) \times 48.495\%] \}$ .

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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